



Susan Montee, CPA

Missouri State Auditor

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October 2007

Twelfth Judicial Circuit

City of Vandalia, Missouri  
Municipal Division



Office of  
Missouri State Auditor  
Susan Montee, CPA

October 2007

The following finding was noted as a result of an audit conducted by our office of the Twelfth Judicial Circuit, city of Vandalia, Missouri Municipal Division.

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The city of Vandalia Municipal Division is within the Twelfth Judicial Circuit, which consists of Audrain, Montgomery, and Warren counties. The Honorable Keith Sutherland serves as Presiding Judge.

Accounting and bookkeeping duties are not adequately segregated and no independent reconciliations of receipts and deposits are performed. The City Finance Officer does compare the city's Municipal Court Fund balance to the municipal division's check register balance approximately twice per year; however, this review does not include a reconciliation of receipts and deposits. In addition, the method of payment is not indicated on receipt slips. As a result, the composition of monies received cannot be reconciled to amounts deposited.

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YELLOW SHEET

TWELFTH JUDICIAL CIRCUIT  
CITY OF VANDALIA, MISSOURI  
MUNICIPAL DIVISION

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

Presiding Judge  
Twelfth Judicial Circuit  
and  
Municipal Judge  
Vandalia, Missouri

We have audited certain operations of the city of Vandalia Municipal Division of the Twelfth Judicial Circuit. The scope of this audit included, but was not necessarily limited to, the two years ended February 28, 2007. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.
3. Review certain receipts.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the municipal division, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. The work for this audit was substantially completed by July 2007.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal division's management and was not subjected to the procedures applied in the audit of the division.

The accompanying Management Advisory Report presents our finding arising from our audit of the city of Vandalia Municipal Division of the Twelfth Judicial Circuit.



Susan Montee, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

TWELFTH JUDICIAL CIRCUIT  
CITY OF VANDALIA, MISSOURI  
MUNICIPAL DIVISION  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**Accounting Controls and Procedures**

Accounting and bookkeeping duties of the municipal division are not adequately segregated. In addition, the method of payment is not indicated on receipt slips, receipts are not always deposited intact, and the composition of receipts is not reconciled to the composition of bank deposits.

- A. Accounting and bookkeeping duties are not adequately segregated and no independent reconciliations of receipts and deposits are performed. All accounting duties, including receiving, recording, depositing, and disbursing monies, as well as performing month-end reconciliations of the municipal division's bank account are performed by the Court Clerk. While the City Finance Officer does compare the city's Municipal Court Fund balance to the municipal division's check register balance approximately twice per year, this review does not include a reconciliation of receipts and deposits.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording and disbursing monies. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited and an independent review of month-end reconciliations.

- B. The method of payment (cash, check, and money order) is not indicated on receipt slips. As a result, the composition of monies received cannot be reconciled to amounts deposited. The municipal division accepts cash, checks, and money orders for fines, court costs, restitution, and bond receipts.

In addition, while receipts are generally deposited intact, we noted one instance when this did not occur. A receipt for \$25 collected on December 14, 2006, was not deposited until December 19, 2006. However, two receipts totaling \$1,005 collected on December 15, 2006, were deposited on that same day. Other receipts reviewed were deposited intact.

To adequately account for collections and reduce the risk of loss or misuse of funds, the method of payment received should be indicated on all receipt slips,

receipts should be deposited intact, and the composition of receipts should be reconciled to the composition of bank deposits.

**WE RECOMMEND** the city of Vandalia Municipal Division:

- A. Adequately segregate the duties of receiving and depositing monies from that of recording and disbursing monies. If proper segregation of duties cannot be achieved, at a minimum, there should be a periodic documented independent comparison of receipt slips issued to amounts deposited and an independent review of month-end reconciliations.
- B. Indicate the method of payment on all receipt slips issued, deposit all monies intact, and reconcile the composition of receipts to the composition of bank deposits.

**AUDITEE'S RESPONSE**

*The Municipal Judge, Court Clerk, City Administrator, and Finance Officer provided the following responses:*

- A. *The city will consider ways to segregate the duties of receiving and depositing monies and/or periodically conduct a documented independent review of month-end reconciliations, with the personnel and resources available to the city.*
- B. *The city intends to comply in all respects.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

TWELFTH JUDICIAL CIRCUIT  
CITY OF VANDALIA, MISSOURI  
MUNICIPAL DIVISION  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Vandalia Municipal Division is within the Twelfth Judicial Circuit, which consists of Audrain, Montgomery, and Warren counties. The Honorable Keith Sutherland serves as Presiding Judge.

The municipal division is governed by Chapter 479, RSMo, and by Supreme Court Rule No. 37. Supreme Court Rule No. 37.49 provides that each municipal division may establish a violation bureau (VB) in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of the municipal division are paid by the municipality.

Personnel

Municipal Judge	Robert Fenlon
Court Clerk	Denise Laird
City Finance Officer	Sharon Myers

Financial and Caseload Information

	<u>Year Ended February 28,</u>	
	<u>2007</u>	<u>2006</u>
Receipts	\$ 19,330	27,470
Number of cases filed	198	332